



TO ALL MEMBERS

12 November 2018

Dear Sirs

FINANCIAL POSITION, OPEN POLICY YEARS, RENEWAL 2019, BREXIT AND BANKING ARRANGEMENTS & SECURITY

The board reviewed the club's financial position, the open policy years and the requirements for the 2019 renewal at the recent board meeting.

FINANCIAL POSITION

The club's finances are strong and the current forecast is for a small reduction in free reserves at the end of the financial year.

An underwriting deficit is expected on the most recent policy year and a small investment loss is anticipated. Despite this, the club's free reserves remain well in excess of regulatory and rating agency requirements.

OPEN POLICY YEARS

P&I class:

After two relatively benign years, the current policy year has seen claims return to previous levels. Premium levels however have reduced over recent years, and there is consequently expected to be a loss on this policy year. Despite this, the underwriting result for the financial year is expected to be close to breakeven as improvements across prior years have offset the current policy year deficit.

No call in addition to the Estimated Total Premium (ETP) is expected.

Release call percentages are to be maintained at the levels set at the May board meeting: nil for the policy years 2016/17 and 2017/18 and 6% for the current policy year. The 2016/17 policy year is expected to be closed in May 2019.

The club's release call percentages remain amongst the lowest in the International Group, reflecting the club's continuing strong financial position.

The Standard Club UK Ltd

www.standard-club.com

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Managers' London agents: **Charles Taylor & Co. Limited**. Registered in England No.02561548
Authorised and regulated by the Financial Conduct Authority FRN 785106

Registered address: The Minster Building, 21 Mincing Lane, London, EC3R 7AG
Telephone: +44 20 3320 8888 Email: pandi.london@ctplc.com



Defence class:

This class is performing satisfactorily. No call in addition to the ETP is expected. The board determined that the release call margins should remain at the same level as the P&I class: nil for prior policy years and 6% for the current policy year. The 2016/17 policy year is expected to be closed in May 2019.

RENEWAL 20 FEBRUARY 2019

P&I class:

The board has determined that no general increase should be applied to members' premiums this year.

The board has also determined that the managers should engage with those members whose claims and exposure are out of line with their premiums to discuss the terms of their renewal individually. These members should expect to incur premium increases and changes in terms which more accurately reflect their individual record and exposure. The club remains open to members bearing a greater share of the risk by way of increases in deductibles to mitigate the necessary premium increases.

As is usual, any change in the International Group's reinsurance costs will be reflected in members' premium.

The instalment pattern of premium payments will remain as for the current policy year.

Deductibles:

The board continues to be concerned that the general level of deductibles is too low so they have decided that there should be a 10% increase in all deductibles with existing deductibles below \$20,000 increased by \$2,000.

Defence Class:

No general increase will apply.

BREXIT

As previously advised, in response to the UK's decision to exit the European Union (EU) the club has applied to the Central Bank of Ireland for approval to set up a new subsidiary, The Standard Club Ireland DAC.

Members of the European Division and European members of the Offshore Division will be affected by these changes at renewal and the managers will provide more information to affected members in due course.



BANKING ARRANGEMENTS AND SECURITY

The managers are aware of a fraudulent circular in circulation, dated 11 October 2018, advising members of a temporary change of banking details supposedly because of Brexit. Please be aware the club has **not** issued such a circular.

The managers strongly recommend that members seek verbal confirmation from their usual club contact of any changes in banking details before making any payment. In addition, all recently published circulars can be found on the club's [website](#).

Yours faithfully



Jeremy Grose
Chief Executive
Charles Taylor & Co Limited

Direct Line: +44 20 3320 8835
E-mail: jeremy.grose@ctplc.com